

## **The complaint**

Ms B complains that National Westminster Bank Plc (NatWest) is refusing to refund her the amount she lost as the result of a scam.

Ms B is being represented by a third party. To keep things simple, I will refer to Ms B throughout my decision.

## **What happened**

The background of this complaint is well known to all parties, so I won't repeat what happened in detail.

In summary, Ms B tells us she was looking to increase her savings and had heard of people investing in cryptocurrency and decided to look into this as an option.

Ms B says she saw an advertisement for a cryptocurrency investment company I will call "X" via social media and clicked on a link where she provided her contact information.

Ms B was then contacted by a representative of X and both parties started to share personal information which Ms B says built trust. Ms B was encouraged to share her dreams and ambitions with X who explained it was able to make these dreams a reality.

Ms B did an online search for X and found a similarly named website that she thought was X that looked legitimate and so she decided to start investing. X provided a website address for Ms B to follow and helped her setup an account on that website from which to trade. X also asked Ms B to download remote access software and helped Ms B setup an account with the crypto exchange BitStamp.

Ms B made an initial payment of £50 into the investment and was told that the more she invested the greater profit she would receive. Ms B then made a further 7 payments over a 9-day period. Each of these payments was for a value of close to £1,000.

Ms B says she then asked to withdraw funds from the investment but was told she would have to make larger payments first. X explained this was because he had also credited the account and it would mean she would receive higher profits. Ms B then made 5 payments over a 12-day period each for a value of close to £10,000.

At this point Ms B had used all of her funds and requested a withdrawal but X told her she would have to keep up with the investment or risk losing everything. X said he could also lose funds. X encouraged Ms B to take a loan to fund further investment.

Ms B said she agreed to take a loan as she feared losing her money and didn't want to let X down.

Ms B therefore took out a £25,000 loan which she used to invest with the help of X telling Ms B what reasons to give for the loan to be approved. When she had made the payments, she requested a withdrawal but was told she would have to make a further payment first in

relation to taxes.

Ms B made this payment but did not receive a withdrawal and stopped receiving communication from the representative she had been speaking with.

Ms B contacted X's complaints line and was told the representative she had been dealing with had received multiple complaints and she would have to make a further payment of £13,000 to release any funds.

Ms B refused to make any further payments and X became aggressive. At this stage Ms B realised she had fallen victim to a scam.

Ms B made the following payments from her NatWest account in relation to the scam.

<u>Payment</u>	<u>Date</u>	<u>Payee</u>	<u>Payment Method</u>	<u>Amount</u>
1	26 August 2020	BitStamp	Transfer	£50.00
2	01 September 2020	BitStamp	Transfer	£994.00
3	01 September 2020	BitStamp	Transfer	£998.00
4	03 September 2020	BitStamp	Transfer	£998.00
5	04 September 2020	BitStamp	Transfer	£996.00
6	07 September 2020	BitStamp	Transfer	£998.00
7	08 September 2020	BitStamp	Transfer	£994.00
8	09 September 2020	BitStamp	Transfer	£998.00
9	10 September 2020	BitStamp	Transfer	£9,981.00
10	11 September 2020	BitStamp	Transfer	£9,984.00
11	14 September 2020	BitStamp	Transfer	£9,981.00
12	16 September 2020	BitStamp	Transfer	£9,984.00
13	22 September 2020	BitStamp	Transfer	£9,984.00
	29 September 2020	£25,000 Loan received from NatWest		
14	29 September 2020	BitStamp	Transfer	£9,984.00
15	30 September 2020	BitStamp	Transfer	£9,986.00
16	30 September 2020	BitStamp	Transfer	£4,986.00
17	21 October 2020	BitStamp	Transfer	£3,527.00

Our Investigator upheld Ms B's complaint in part. NatWest didn't agree, so this complaint has been passed to me to decide.

### **What I've decided – and why**

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

It has not been disputed that Ms B has fallen victim to a cruel scam. The evidence provided by both Ms B and NatWest sets out what happened. What is in dispute is whether NatWest should refund the money Ms B lost due to the scam.

#### ***Recovering the payments Ms B made***

Ms B made payments into the scam via transfer. When payments are made by transfer NatWest has limited options available to it to seek recovery. It could contact the operator of the receiving account to request a refund of any remaining funds. But Ms B made the payments to an account in her name so if any funds were to remain, they would remain within her control.

With this in mind, I don't think NatWest had any reasonable options available to it to recover the payments Ms B made.

*Should NatWest have reasonably prevented the payments Ms B made?*

I think it's most likely Ms B authorised the payments that were made from her account with NatWest, albeit on X's instruction. So, the starting point here is that Ms B is responsible.

However, banks and other Payment Services Providers (PSPs) do have a duty to protect against the risk of financial loss due to fraud and/or to undertake due diligence on large transactions to guard against money laundering.

The question here is whether NatWest should have been aware of the scam and intervened when the payments were made. And if it had intervened, would it have been able to prevent the scam taking place.

NatWest has confirmed it cannot see any evidence that it intervened when any of the disputed payments were made, although Ms B would have been presented with an automated warning about investing in cryptocurrency when making the payments.

The initial payments Ms B made in relation to the scam were all for under £1,000 and were made over several days. Considering the time these payments were made and that the amounts were not dissimilar to the value of other payments Ms B had previously made from her NatWest account I don't think it's unreasonable that the payments didn't trigger NatWest's fraud prevention systems, prompting it to intervene.

When Ms B made payment 9 she was transferring a significant amount of close to £10,000 which was not in keeping with how she normally operated her account. It was also almost 10 times more than she had sent to BitStamp in a single payment before.

I think this payment should have caused NatWest to have concerns and it should have discussed the payment with Ms B.

Ms B had found an advertisement on social media and had started investing relatively small amounts at first before being asked to make much larger payments having been refused a withdrawal, on the basis that X had also told Ms B it had contributed to the investment and would risk losing out too.

Ms B had early concerns about the investment and during a WhatsApp conversation explained she didn't want to risk her money. And although X appeared to be guiding Ms B with what selections to make when taking loans and making payments it doesn't appear that X gave Ms B a credible backstory to tell NatWest had it intervened. X simply said NatWest doesn't like sending payments in relation to investing.

With the above in mind, I think that had NatWest discussed payment 9 with Ms B it's unlikely she would have provided a credible reason for her making such a large payment to a recognisable cryptocurrency exchange. And given the circumstances of the payment I think the information NatWest would likely have gathered, such as finding the investment online, and the use of remote access software, would have caused it concerns leading it to uncover the scam, preventing any further loss.

NatWest is therefore responsible for Ms B's loss from payment 9 onwards.

*Did Ms B contribute to her loss?*

Despite regulatory safeguards, there is a general principle that consumers must still take responsibility for their decisions (see s.1C(d) of our enabling statute, the Financial Services and Markets Act 2000).

In the circumstances, I do think it would be fair to reduce compensation by 50% on the basis that Ms B should share blame for what happened.

When Ms B first searched X she found a business with a similar name and assumed it was X. Although the names were similar, they were not the same and I think it would have been reasonable for Ms B to have carried out further research before agreeing to invest such large amounts.

I can also see from the chat transcript provided that Ms B had doubts about the investment when she was asked to make additional payments, yet she continued to make them, having been persuaded by X.

With the above in mind, I think Ms B should have taken more care and if she had she could also have prevented her loss.

### **Putting things right**

To put things right National Westminster Bank Plc should:

- Refund the payments Ms B made in relation to the scam from payment 9 onwards less 50%.
- Add 8% simple interest per year to the amount it pays Ms B from the date of loss to the date the payment is made (less any lawfully deductible tax).

### **My final decision**

I uphold this complaint and require National Westminster Bank Plc to put things right by doing what I've outlined above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms B to accept or reject my decision before 10 January 2025.

Terry Woodham  
**Ombudsman**